



11 March 2015

ASX RELEASE

RESTRUCTURING OF LOANS COMPLETED

KalNorth Gold Mines Limited ("KGM" or the "Company") is pleased to announce that it has reached agreement for the restructuring of all its secured and unsecured loans. All loans had become due and payable with effect from 29 November 2014.

As a consequence of Deeds of Settlement and Release executed with all lenders today, the revised loan arrangements are as follows:

- Principal amounts of the loans (\$3,500,000 secured and \$700,000 unsecured for an aggregate of \$4,200,000) have a maturity date of 30 April 2016;
- Interest due and payable as at 31 December 2014 of \$667,072.86 on all loans has been settled by the issue of 41,177,334 fully paid ordinary shares at an issue price of \$0.0162 per share; and
- With effect from 1 January 2015, the interest rate applicable to all loans has been reduced to 10% per annum from 15% and 18% in some instances. With effect from 1 January 2015, interest is payable at six-monthly intervals across all loans.

The Board acknowledges the support of all lenders in reaching this outcome, which is a critical step in dealing with the Company's financial position and also towards a relisting of the Company's shares on the ASX.

Lijun Yang
Executive Director